

TESTIMONY OF WILLIAM SIM
ON BEHALF OF POTOMAC ELECTRIC POWER COMPANY (PEPCO)
BEFORE THE COMMITTEE ON GOVERNMENT REFORM
U. S. HOUSE OF REPRESENTATIVES
OCTOBER 3, 2003

Mr. Chairman and Members of the Committee:

My name is William Sim and I am the President of Pepco. As you know, Pepco is the electric company that serves Washington D. C., and most of Montgomery and Prince George's counties in Maryland. I am here to talk about Pepco's overall preparation and response to Hurricane Isabel and the steps we are taking to ensure that we do everything we can to satisfy our customers' needs and expectations in the future.

Before I begin my formal remarks, my Chairman, John Derrick asked that I thank you, Chairman Davis, for your leadership and the hard work of your staff on emergency management issues. You have been tremendously supportive of Pepco's efforts to increase security to protect our infrastructure against terrorist attack. I want to personally thank you for your efforts, as well.

We at Pepco recognize our unique role among electric utility companies as the company that delivers electricity to the Nation's Capital. Our single largest customer is the Federal government and we deliver power to such critical installations as this U. S. Capitol complex, the White House, the FBI, and the Department of Homeland Security. The magnitude of this responsibility does not escape me.

At this point everyone is familiar with the devastation caused by Hurricane Isabel. It disrupted electric service to millions of people in the eastern United States. For Pepco, it

meant more than half a million customers – two thirds of our customers – were without power, and the President declared our entire region a natural disaster area. However, I am pleased to report that there was no significant interruption of power supply to any major Federal facility. A pumping station at the D.C. Water and Sewer Authority was affected, but it was prioritized through coordination with the D. C. Emergency Management Agency and was restored quickly. With respect to state facilities, power supply was interrupted to two DMV offices, one in D. C. and one in Maryland. Thus, the outages resulting from Hurricane Isabel primarily affected residential and commercial customers.

Pepco made unprecedented preparations prior to Isabel's arrival. We brought in crews from other states, trained additional telephone representatives, and secured large quantities of electric equipment and materials for the restoration. As our emergency measures anticipated, the damage was devastating. Let me give some brief examples. In Pepco's service area, there were more than 5,000 wires down and myriad trees uprooted, which caused the vast majority of damage. Crews had to replace more than 75 miles of cable, along with record amounts of other equipment. In the face of these massive challenges, our employees did everything they could to restore service to our customers as quickly and safely as possible. In fact, Pepco restored service to more than twice as many customers and repaired four times the damage we did in the same time period after the 1999 ice storm. So I think we did pretty well, but I believe that every event is an opportunity to learn and improve our service to customers.

Regardless of what I think, what our customers think is of the utmost importance to us. We understand that families and businesses without power for extended periods were frustrated and angry, and they want answers. They want to know what went well, what could

have been done better, and if we will do a better job in the future? We are going to answer their questions, but we want to do **more**. As we announced earlier this week, we are taking a significant additional step.

We have asked James Lee Witt Associates to conduct a thorough and independent assessment of Pepco's and our sister company, Conectiv's, response to Isabel, including the coordination between the companies and disaster response agencies. We believe Mr. Witt is uniquely qualified to oversee this important work. As Director of the Federal Emergency Management Agency for eight years, he led the agency's response to more than 348 Presidentially declared disasters. His work included the oversight of emergency response efforts to a dozen damaging hurricanes.

Mr. Witt and his team will have free rein to ask any question on any issue related to our preparation and response to Isabel and will evaluate all aspects of our performance. They will seek input from customers, public officials and others. You can rest assured that his recommendations will get our prompt and serious attention.

My remaining remarks will focus on answering the Committee's specific questions:

1. What procedures are in place to retrospectively assess the situation and how decisions were made? In the aftermath of major storm events, Pepco always assesses its efforts to restore the system and files reports with the District of Columbia and Maryland Public Service Commissions. These reports, which were standardized following Hurricane Floyd in 1999, are due within three weeks of the end of the system restoration efforts.

As I just mentioned, as an additional measure we have hired former FEMA Director James Lee Witt to conduct a thorough and independent assessment of Pepco's response.

2. What implications are there for regional preparedness as a whole? The damage from Isabel was so substantial that President Bush declared the Nation's Capital and the surrounding area a natural disaster area. We believe that the final numbers will show that Hurricane Isabel inflicted more damage than any other storm in our region's history.

Against this backdrop, Pepco mobilized the entire company in accordance with its Emergency Response Plan. One key element of this plan is the reliance on the regional utility mutual assistance pact. This pact allows us to pull in system repair crews from areas that are not impacted by the storm and greatly increases our response capability. For example, at the height of the effort we had 966 crews working to restore power. Hundreds of these crews were on loan from other utilities; some crews were mobilized as far away as Kansas, Louisiana and Mississippi.

In terms of regional cooperation, Pepco coordinated with our Local Emergency Management Agencies and, given the sheer magnitude of the storm throughout the region, we provided Emergency Management Liaisons for each of the command centers in Maryland, the District of Columbia, and Montgomery and Prince George's counties. In turn, State and Local Emergency Management Agencies provided outstanding support to the company. Importantly, we worked in unison with our fellow Emergency Managers on life safety situations to ensure that hospitals and water pumping and treatment facilities impacted by the hurricane were identified and properly prioritized for restoration.

3. How were residents and businesses kept informed before, during and after the hurricane? Pepco's primary ways to communicate with the public was through call center representatives, our government affairs staff, our web site and the news media.

Prior to the storm, we issued media releases to let customers know how to prepare for the storm and what steps the company was undertaking to prepare. After the storm, we held news media conferences and issued multiple releases daily to update the public on our restoration efforts. Call center representatives were kept updated on our restoration progress and were provided information on restoration priorities and the answers to the frequently asked questions. In addition, we used recorded phone messages to convey customer outage numbers and estimated restoration times.

The government affairs staff manned a special phone line 24 hours a day after the hurricane at the Emergency Command Center to receive calls and provide information to our large commercial and governmental customers. A special phone line for government officials also was staffed around the clock to provide the most up to date information to elected officials throughout the area. I personally conducted daily teleconferences with elected officials, and Pepco staff participated in conference calls with school administrators and others when requested.

4. How can the region better prepare and respond in the future? As we review and begin to assess our performance in preparing and responding to Hurricane Isabel, one issue comes up time and time again: trees. Local governments, the National Park Service, the public and all utilities need to work together to address the "tree issue." Moreover, I believe we need to engage in an open dialogue on setting priorities for restoration. Many

public officials are calling for a robust public policy discussion on these issues and Pepco welcomes the opportunity to participate in such discussions.

This concludes the formal part of my testimony. I would like to thank you and the Members of the Committee for your attention and would be happy to answer any questions you might have.